PART IV

Section 1-C

GENERAL STATUTORY RULES AND STATUTORY ORDERS ISSUED BY THE CENTRAL GOVERNMENT AND ORDERS MADE BY THE PRESIDENT AND REPUBLISHED BY THE STATE GOVERNMENT.

LAW AND PARLIAMENTARY SECRETARIAT

Notification No. LAW 24 LCR 1976.

Bangalore dated, 14th October, 1976.

Ordered that the Employees Deposit Linked Insurance Scheme, 1976 published in Part II, Section 3 (i) of the *Gazette of India* Extraordinary dated 28th July 1976 be republished in the *Karnataka Gazette* for general information.

By Order and in the name of the Governor of Karnataka,

B. NAGESHA RAO,
Under Secretary to Government,
29 *Dept. of Law and Parliamentary Affairs.*

GOVERNMENT OF INDIA

EMPLOYEES DEPOSITLINKED INSURANCE SCHEME, 1976

G. S. R 488 (E).—In exercise of the powers conferred by Section 6C of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952), the Central Government hereby makes the following Scheme, namely :—

CHAPTER I—*Preliminary*

1. Short title, commencement and application.—(1) This Scheme may be called the Employees Depositlinked Insurance Scheme, 1976.

(2) The provisions of this Scheme shall come into force on the 1st day of August, 1976.

(3) Subject to the provisions of sub-section (2) of section 16 and Section 17 (2A) of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, this Scheme shall apply to the employees of all factories and other establishments which are covered by the Employees Provident Funds Scheme, 1952. Provided that the provisions of this Scheme shall not apply to tea factories in the State of Assam.

2. **Definitions.**—In this Scheme, unless the context otherwise requires,—

(a) "Act" means the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952).

(2) If no nomination subsists or if the nomination relates only to part of the amount standing to his credit in the Fund, whole amount or the part thereof to which the nomination does not relate, as the case may be, shall become payable to the members of his family in equal shares:

Provided that no share shall be payable to—

(a) sons who have attained majority ;

(b) sons of a deceased son who have attained majority ;

(c) married daughters whose husbands are alive ;

(d) married daughters of a deceased son whose husbands are alive ;

if there is any member of the family other than those specified in clauses a), (b), (c) and (d) ;

Provided further that the widow or widows, and the child or children of a deceased son shall receive between them in equal parts only the share which that son would have received if he had survived the employee and had not attained the age of majority at the time of his death.

(3) In any case to which the provisions of sub-paragraph(1) and (2) do not apply the whole amount shall be payable to the person legally entitled to it.

Explanation :—For the purpose of this paragraph an employee's posthumous child, if born alive, shall be treated in the same way as surviving child born before his death.

23. **Assurance amount—how to be paid.**—(1) The nominee or nominees or other claimants shall send a written application to the Commissioner through the employer in such form as the Commissioner may specify, to claim payment under this Scheme.

(2) If the person to whom any amount is to be paid under this Scheme is a minor or a lunatic, the payment shall be made in accordance with the provisions in the Coal Mines Provident Fund Scheme relating to payment to such persons.

(3) Payment to be made under this Scheme shall be made in the form of a deposit in a Savings Bank account in any bank specified in the First Schedule to the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970) in the name of the nominee or the nominees or other claimants.

24. **Registers, Records, etc.**—The Commissioner may with the approval of the Board specify the Registers and Records to be maintained in respect of the employees the form or design of any identity card, token or disc for the purpose of identifying any employee or his

nominee or nominees or a member of his family entitled to receive the benefit under this Scheme and such other formalities as have to be completed in connection with the payment of the said benefit, subject to such periodical verification as may be considered necessary.

25. **Annual Report on the working of this Scheme.**—The Board shall approve before the 15th September and submit to the Central Government before the 30th September each year, a report on the working of the Scheme during the previous financial year.

26. **Power to issue directions.**— The Central Government may from time to time issue such direction to the Board or the Commissioner as it may codsider necessary for the proper administration of the Scheme.

27. **Special provisions relating to coal mines in respect of which applications are received for exemption from the provisions of this Scheme.** (1) (i) A Commissioner may by order and subject to such conditions as may be specified in the order exempt from the operation of all or any of the provisions of this Scheme an employee to whom the Scheme applies on receipt of application from such an employee;

Provided that such an employee, is without making any separate contribution or payment of premium, in enjoyment of benefits in the nature of life assurance, whether linked to his deposits in provident funds or not, according to the rules of the coal mine and such benefits are more favourable than the benefits provided under this Scheme.

(b) "assurance benefit" means a payment linked to the average balance in the Provident Fund Account of an employee, payable to a person belonging to his family or otherwise entitled to it in the event of death of the employee while being a member of the Fund.

(c) All other words and expressions used herein but not defined shall have the meaning respectively assigned to them in the Act or the Employees' Provident Funds Scheme, 1952.

3. **Administration of the Scheme.**—This Scheme shall be administered by the Central Board constituted under section 5A of the Act.

4. **Regional Committee.**—The Regional Committee set up under paragraph 4 of the Employees' Provident Funds Scheme, 1952 shall advise the Central Board on such matters, in relation to the administration of this Scheme, as the Central Board may refer to it from time to time and in particular, on :—

(a) progress of recovery of contributions, under this Scheme, both from factories and establishments exempted under Section 17 of the Act and other factories and establishments covered under the Act ; and

(b) expeditious disposal of prosecutions.

5. **Delegation of power by the Central Board** —(1) The Central Board may, by a resolution, empower its Chairman or the Commissioner or both, to sanction expenditure. subject to such limits as may be specified in the resolution, on contingencies, supplies and purchases of articles required for administering the Insurance Fund subject to financial provision in the Budget, where such expenditure is beyond the limits upto which the Chairman or the Commissioner is authorised to sanction expenditure on any single item.

(2) The Central Board may also by a resolution empower its Chairman or the Commissioner or both, to appoint such officers and employees other than those mentioned in sub-sections (2) and (3) of section 5D of the Act, as the Chairman or the Commissioner may consider necessary for the efficient administration of this Scheme.

(3) All sanctions of expenditure made by the Chairman or Commissioner in pursuance of sub-paragraph (1) shall be reported to the Central Board as soon as, possible after the sanction of the expenditure.

6. **Administrative and financial powers of the Commissioner.**— The Commissioner may, without reference to the Central Board, sanction expenditure on contingencies, supplies and services and purchase of articles required for administering the Insurance Fund, subject to financial provision in the budget and subject to the limits upto which he may be authorised to sanction expenditure on any single item from time to time by the Central Board.

7. **Contribution.**— (1) The contribution payable by the employer and the Central Government under sub section (2) and sub-section (3) of Section 6C of the Act, shall be calculated on the basis of the basic wages. dearness allowance (including the cash value of any food concession) and retaining allowance, if any, actually drawn durug the whole month whether paid on daily, fortinighty or monthly basis

(2) Each contribution shall be calculated to the nearest quarter of a rupee, 12.5 paise or more to be counted as next higher quarter of a rupee.

8. **Mode of Payment of contribution** —(1) The contribution by the employer shall be remitted by him together with administrative charges at such rate as the Central Government may fix from time to time under sub-section(4) of Section 6C of the Act, to the Insurance Fund within fifteen days of the close of every month by a separate bank draft or Cheque or by remittance in cash manner as may be specified in this behalf by the Commissioner. The cost of remittance if any, shall be borne by the employer.

(2) It shall be the responsibility of the employer to pay the contribution payable by himself in respect of the employees directly

employed by him and also in respect of the employees employed by or through a contractor.

(3) The Central Government shall credit its contribution to the Insurance Fund as soon as possible after the close of every financial year.

(4) The Commissioner shall deposit the bank draft or cheque recived from the employers in the State Bank of India or any Bank specified in the First Schedule to the Banking Companies (Acquisition and transfer of Undertakings) Act, 1970 (5 of 1970).

9. Employer's contribution not to be deducted from the wages of the employees.—Notwithstanding any contract to the contrary, the employer shall not be entitled to deduct the employer's contribution payable by him under this Scheme from the wages of the employees or to recover it from them in any other manner.

10. Duties of employers.—(1) Every employer shall send to the Commissioner returns in such form as may be specified by the Commissioner for the purposes of this Scheme.

(2) Every employer shall maintain such accounts in relation to the amounts contributed to the Insurance Fund by him as the Central Board may, from time to time, direct, and it shall be the duty of every employer to assist the Central Board in making such payment from the Insurance Fund to his employees as are sanctioned by or under the authority of the Central Board.

(3) Every employer shall maintain a contribution register in such form as the Commissioner may specify in respect of every employee in his employment who is a member of the Fund. The contribution made by the employer in respect of each such employee shall be entered therein by the employer every month.

(4) Notwihstanding anything herein before contained in this paragraph the Central Board may issue such directions to employers generally as it may consider necessary or proper for the purpose of administering this Scheme and it shall be the duty of every employer to carry out such directions.

11. Inspection of records and registers by the Commissioner of Inspector.—Every employer shall, whenever the Commissioner or any other officer authorised by him in this behalf or an inspector so requires, produce before him the records and other registers then in his possession, for inspection.

12. Supply of forms to employers.—The Commissioner shall supply to employers free of charge, on demand, forms referred to in this Scheme to the extent absolutely necessary.

13. **Administration Account.**—The contributions received from the employers and the Central Government under sub-section (4) of section 6C of the Act shall be credited to a separate account called "The Insurance Fund Central Administration Account" and all expenses in connection with the administration of this scheme, other than the cost of benefits provided by or under this Scheme shall be met out of this account.

14. **Deposit-linked Insurance Fund Account.**—The amount received as the employer's contribution and also the Central Government's contribution to the Insurance Fund under sub-sections (2) and (3) of section 6C shall be credited to an account called the "Deposit-Linked Insurance Fund and Account", and all expenses towards the cost of any benefits provided by or under the Scheme shall be met out of this account.

15. **Investment of moneys belonging to the Insurance Fund.**—(1) All moneys belonging to the Insurance Fund shall be deposited in the Reserve Bank or the State Bank of India or in such other Schedule Bank as may be approved by the Central Government from time to time or shall be invested, subject to such directions as the Central Government may from time to time, give, in the securities mentioned in clauses (a) to (d) of section 20 of the Indian Trusts Act, 1882 (2 of 1882).

Provided that such securities are payable both in respect of capital and in respect of interest in India (2) All expenses incurred in respect of a loss, if any, arising from any investment shall be charged to the Insurance Fund.

16. **Interest** —All interest, rent and other income realised and net profits or losses, if any, from the sale or investments, not including therein the transaction of the Insurance Fund Central Administration Account, shall be credited or debited as the case may be to the Insurance Fund.

17. **Disposal of the Insurance Fund.**—(1) Subject to the provisions of the Act and of this Scheme, the Insurance Fund, not including therein the Insurance Fund Central Administration Account, shall not, except with the previous sanction of the Central Board, be expended for any purpose other than the payment of the benefits in accordance with the provisions of this Scheme.

(2) The Insurance Fund shall be operated upon by such officers as may be authorised in this behalf by the Central Board,

18. **Expenses of Administration** —All expenses relating to the administration of this Scheme including the expenses incurred on Regional Committee shall be met from the "Insurance Fund Central Administration Account".

19. **Forms of accounts.**—The accounts of the Insurance Fund, including the Insurance Fund Central Administration Account shall be maintained by the Commissioner in such form and in such manner as may be specified by the Central Board.

20. **Audit.**—(1) The accounts of the Insurance Fund, including the Insurance Fund Central Administration Account, shall be audited in accordance with the instructions issued by the Central Government in consultation with the Comptroller and Auditor General of India.

(2) The charges on account of audit shall be paid out of the Insurance Fund Central Administration Account.

21. **Budget.**—(1) The Commissioner shall place before the Central Board each year before the first fortnight of February a budget showing separately the probable receipts from the contributions and from the levy of administrative charges and the expenditure which is proposed to be incurred during the following financial year. The budget as approved by the Central Board shall be submitted for sanction to the Central Government within a month of its being placed before the Central Board.

(2) The Central Government may made such modification in the budget as it considers desirable before sanctioning it.

(3) The Commissioner may at any time during the year, make budgetary, reappropriation of funds sanctioned in the budget by the Central Government provided that,—

(i) the total amount sanctioned in the budget by the Central Government is not exceeded ;

(ii) it is made only for meeting such expenses of administration as are to be met from the Insurance Fund Central Administration Account in accordance with paragraph 18 ; and

(iii) every reappropppriation so made shall be reported by him to the Central Board at its next meeting,

(4) The Commissioner shall place before the Central Board a supplementary budget for a financial year, giving detailed estimates and reasons of inescapable. expenditure which is likely to be incurred during the year for which no provision has been made in the sanctioned budget and which cannot be covered under the provisions of sub-paragraph (3). The supplementary budget as approved by the Central Board shall be submitted for sanction to the Central Government within a month of its being placed before the Central Board.

(5) Any expenditure incurred by the Commissioner over and above the sanctioned budget of the financial year and not covered under the provisions of sub-paragraphs (3) and (4), shall be reported to the Central Board at the earliest practicable moment after the

excess is established for its consideration and for obtaining sanction of the Central Government.

22. **Scales of assurance benefit and the minimum average balance to be maintained by an employee.**—(1) On the death of an employee who is member of the Fund, the persons entitled to receive the Provident Fund accumulations of the deceased shall, in addition to such accumulations, be paid an amount, equal to the average balance in the account of the deceased in the Fund during the preceding three years, not exceeding rupees ten thousand. Provided that the average balance in the account of the deceased employee is not below the sum of Rs. 100 at any time during the preceding three years.

Explanation.—For the purpose of determining the average balance in the Fund in relation to any employees, the sum total of contributions by the employees and the employer, due during the relevant period, whether paid or unpaid in the Fund together with interest thereon, shall be taken into account.

(2) In the case of a part-time employee who was a member of Fund while serving in more than one factory or establishment the quantum of benefit under this Scheme shall be determined with reference to the average of the aggregate balance in all his accounts in the Fund during the preceding three years.

23. **Assurance benefit to whom payable.**—(1) The nomination made by an employee under the Employees' Provident Funds Scheme, 1952 shall be treated as nominations under this Scheme and the assurance amount shall become payable to such nominee or nominees

(2) If no nomination subsists or if the nomination relates only to part of the amount standing to his credit in the Fund, the whole amount or the part thereof to which the nomination does not relate, as the case may be, shall become payable to the members of his family in equal shares.

Provided that no share shall be payable to—

(a) sons who have attained majority ;
(b) sons of a deceased son who have attained majority ;
(c) married daughters whose husbands are alive ;
(d) married daughters of a deceased son whose husbands are alive ;

if there is any member of the family other than those specified in clauses (a), (b), (c) and (d) :

Provided further that the widow or widows, and the child or children of a deceased son shall receive between them in equal parts only the share which that son would have received if he had survived the employee and had not attained the age of majority at the time of his death.

(3) In any case to which the provisions of sub-paragraphs (1) and (2) do not apply the whole amount shall be payable to the person legally entitled to it.

Explanation.—For the purpose of this paragraph an employee's posthumous child, if born alive, shall be treated in the same way as a surviving child born before his death.

24. **Assurance amount—how to be paid.**—(1) The nominee or nominees or other claimants shall send a written application to the Commissioner through the employer in such form as the Commissioner may specify, to claim payment under this Scheme.

(2) if the person to whom any amount is to be paid under this Scheme is a minor or a lunatic, the payment shall be made in accordance with the provisions in the Employees' Provident Funds Scheme, 1952 relating to payment to such persons.

(3) Payment to be made under this Scheme shall be made in the form of a deposit in a Savings Bank account, in any bank specified in the First Schedule to the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970) in the name of the nominee or nominees or other claimants.

25. **Registers, Records, etc.**—The Commissioner may with the approval of the Central Board specify the registers and records to be maintained in respect of the employees the form of design of any identity card, token or disc for the purpose of indentifying any employee or his nominee or nominees or a member of his family entitled to receive the benefit under this Scheme and such other formalities as have to be completed in connection with the payment of the said benefit, subject to such periodical verification as may be considered necessary.

26. **Annual Report on the working of this Scheme.**—The Central Board shall approve before the 15th October and submit to the Central Government before the 30th November each year, a report on the working of the Scheme during the previous financial year.

27. **Power to issue directions.**—The Central Government may from time to time issue such directions to the Central Board or the Commissioner as it may consider necessary for the proper administration of the Scheme.

28. **Special provisions relating to coal mines in respect of which applications are received for exemption from the provisions of this Scheme.**—(1) (i) A Commissioner may by order and subject to such conditions as may be specified in the order exempt from the operation of all or any of the provisions of this Scheme an employee to whom the Scheme applies on receipt of application from such an employee :

Provided that such an employee is without making any separate contribution or payment of premium, in enjoyment of benefits in the

nature of like assurance, whether linked to their deposits in provident funds or not, according to the rules of the factory or other establishment and such benefits are more favourable than the benefits provided under this Scheme.

(ii) Where an employee is exempted, as aforesaid, the employer shall in respect of such employee maintain such accounts, submit such returns, provide such facilities for inspection as the Commissioner may direct and any such inspection charges and make such investments as the Central Government may direct.

(2) An employee exempted under sub-paragraph (1) may, by an application to the Commissioner, make a request that the benefits of the Scheme be extended to him.

(3) No employee shall be granted exemption or permitted to apply out of exemption more than once on each account.

(4) (i) The Central Government may by order and subject to such conditions as may be specified in the order exempt from the operation of all or any of the provisions of this Scheme any class of employees to whom this Scheme applies, on receipt of an application therefor, in such form as the Commissioner may specify :

Provided that such class of employees, is without making any seperate contribution or payment of premium, in enjoyment of benefits in the nature of life assurance, whether linked to their deposits in provident fund or not, according to the rules of the factory or other establishment and such benefits are more favourable than the benefits provided under this Scheme.

(ii) Where any class of employees is exempted as aforesaid, the employer shall in respect of such class of employees maintain such accounts, submit such returns, provide such facilities for inspection pay such inspection charges and make investments in such manner as the Central Government may direct.

(5) A class of employees exempted under sub-parapraph (4) or the majority of employees constituting such class may, by an application to the Commissioner, make a request that the benefits of this Scheme be extended to them.

(6) No class of employees or the majority of employees constituting such class shall be granted exempting or permitted to apply out of exemption more than once on each account.

[7] (7) Notwithstanding anything contained in this Scheme the Commissioner may in relation to a factory or other establishment in respect of which an application for exemption under section 17 (2A) of the Act has been received, relax pending the disposal of the application, the provisions of this Scheme in such manner as he may direct

[No. S- 35012(2)/76-PF-II(iii)]

S. S. SAHASRANAMAN, Dy. Secy.